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BUSI 443 Foundations of Real Property Assessment and Mass Appraisal

PURPOSE AND SCOPE

The *Foundations of Real Property Assessment and Mass Appraisal* course BUSI 443 is intended to give the real estate practitioner student a working knowledge of the property tax assessment industry in Canada. The course offers a practical overview of the foundations for Canadian property tax systems, including economic principles and assessment law. The majority of the course focuses on mass appraisal: the theory and techniques that assessment personnel must consider when designing systems to value the real property in a given area. Detailed information will be provided on each of the necessary components of an effective mass appraisal system: valuation principles, computers, data collection, mapping, organizational issues, management and leadership, and quality assurance.

The material is intended to be introductory in nature. More details are provided in the associated courses BUSI 344 *Statistical and Computer Applications in Valuation* and BUSI 444 *Advanced Computer-Assisted Mass Appraisal*.

While assessment functions and assessment organizations are the primary focus of the course, there are many topics that are easily transferable to other aspects of real estate valuation, and to most businesses in general. As with most information and knowledge, it can be applied to a variety of situations. The instructor's comments and review and discussion questions will delve into broader applications of the information provided.

After reading the text and proceeding through the Course Workbook, students should have a basic understanding of the foundations of real property assessment and the characteristics of effective mass appraisal systems. Listed below are general objectives for what a student should learn from this course:

1. The importance of property tax to local governments in Canada and be familiar with the history of property taxation systems
2. The role of the assessor and features of effective assessment systems
3. How statutory and case law governs the assessment function
4. The valuation process and the considerations involved in valuation planning
5. The basics of creating and applying mass appraisal models
6. How Computer Aided Mass Appraisal (CAMA) can be used to improve the effectiveness of assessment practice
7. The methods for collecting and maintaining high quality real estate data and considerations in applying these techniques
8. The basics of land registration systems in Canada
9. The various mapping systems available and how they can be used to describe land
10. How Geographic Information Systems (GISs) can be used to support the assessment function
11. Different management approaches and how these can be applied towards an effective organizational structure
12. The fundamentals of quality management as it applies to an assessment office
13. The basics of strategic planning and budgeting
14. The principles of personnel management, in terms of hiring, motivating, and disciplining employees
15. The importance of strong public relations and the foundations of stakeholder management
16. The processes surrounding the property assessment appeal system

LESSON 1 – Property Taxation

1.   Describe the evolution of the property tax
2.   Discuss the taxation principles of ability to pay and benefits received and how they relate to the property tax
3.   Describe the different points of view regarding property tax incidence
4.   List the components of an ideal property taxation system
5.   Describe alternative methods of property taxation and assessment
6.   Provide an overview of property taxation around the world
7.   Discuss the importance of the property tax to local governments in Canada

LESSON 2 – Overview of Real Property Assessment

1.   Explain the role of the assessor and the different functions an assessment system must perform
2.   Discuss the requirements for an effective assessment system
3.   Calculate nominal and effective property tax rates
4.   Describe the assessment and property taxation features of each province and territory

LESSON 3 – Legal Framework for Assessment

1.   Define the legal instruments that are used to transfer the ownership of real property
2.   Discuss, in general, land registration systems used in Canada
3.   Compare and contrast the basis for assessment in various provinces and territories
4.   Discuss approaches and techniques for the interpretation of statute
5.   Describe general case law with respect to the assessment of real property
6.   Discuss the common law and statutory duties and obligations of assessment staff
7.   Discuss the potential impact of tort law on assessors
8.   Explain the requirements of acting judicially or quasi-judicial as a real property assessment professional

LESSON 4 – Mass Appraisal Planning and Processes

1.   Discuss the rationale and framework for valuation planning
2.   Discuss similarities and differences between mass appraisal and single property appraisal, including application of the three approaches to value
3.   Describe important considerations in carrying out valuations in-house, including staffing, data management, technology, and appraisal analysis
4.   Describe important considerations in contracting valuation work, including the bid process, contract writing, monitoring, and delivery

LESSON 5 – CAMA Systems

1. Describe critical components of a computer-assisted mass appraisal (CAMA) system
2. Explain the relationship between the evolution of mass appraisal and changes in computer technology
3. Describe different software platforms, applications and delivery mechanisms as they relate to real property assessment functions
4. Discuss the advantages and disadvantages of the different types of computer hardware, storage media, input devices, and output devices
5. Discuss how appraisal logic can be stated as an appraisal model
6. Define what it means to specify and calibrate a mass appraisal model
7. Explain the components of model calibration for each method of appraisal

LESSON 6 – Data Collection, Management, and Analysis

1. Explain the importance of data to the valuation and assessment process and outcomes
2. Discuss the characteristics for data relating to real property and how this data can be described and coded
3. Describe data needs for the assessment function, including market data and property characteristic data
4. Discuss the different sources of data and means for acquiring it
5. Outline considerations for data collection including hiring and training of data collectors, preparing input systems, controlling quality, and estimating productivity
6. Discuss the options for monitoring and maintaining data quality
7. Discuss options for adjusting sale prices for personal property and financial considerations

LESSON 7 – Land Administration: Mapping & Geographic Information Systems

1. Describe some of the different land description and map referencing systems that are used to legally describe land, and discuss their importance to assessment
2. Identify common scales used for maps
3. Clarify and illustrate typical standards for assigning parcel identifiers
4. Provide examples of map-based parcel identification systems
5. Describe computerized mapping systems and their possible applications in assessment
6. Describe common applications for GIS in assessment and real property valuation
7. Explain the benefits of pursuing an enterprise solution approach to GIS development

LESSON 8 – Human Resource Management and Strategic Management Planning

1. Explain the steps to be followed in hiring new employees, motivating employees, and disciplining employees
2. Describe the various components of job descriptions and their application in assessment
3. Discuss theories of leadership and how they contribute to effective management
4. Provide insight into how human behaviour impacts organizations and the systems they use
5. Describe the type of organizational structure advocated by the classical, neoclassical, and systems approaches to management
6. Discuss how different organizational structures may be applicable in an assessment context
7. Explain the elements of strategic planning, their purpose and relationship to one another
8. Describe four basic approaches to budgeting

LESSON 9 – Quality Management

1. Describe what quality management is and its importance to a healthy assessment system
2. Describe the four elements of quality management
3. Understand the importance of quality planning
4. Discuss the role of quality assurance in real property assessment and the techniques used to measure and confirm quality assessments
5. List the statistics used to measure various aspects of assessment roll quality
6. Outline the difference between quality assurance and quality control
7. Describe tests and processes that will uncover issues with the quality of an assessment roll

LESSON 10 – Public Relations and Stakeholder Management

1. Understand the foundations of public relations from the perspective of an assessment office
2. List some of the stakeholders with whom an assessment office must maintain positive relations
3. Discuss the principles of effective public relations and customer service
4. Describe the four stages in developing an effective public relations plan
5. Recognize good listening skills
6. Understand some of the methods used to effectively communicate using the telephone or email
7. List and describe some of the methods used for an effective public relations campaign
8. Discuss issues surrounding the freedom of information and the public's right to know in an assessment context

LESSON 11 – Property Assessment Appeals

1. Outline the steps required to conduct an appraisal review
2. Outline the issues in managing the assessment appeal process
3. Describe the typical procedures for a formal hearing and what goes into preparing for it
4. Explain what information can be used as supporting documentation in the appeals process
5. Discuss how the appeal process for properties that are subject to Payments-in-Lieu-of-Taxes (PILTs) is similar to and different from the general appeal process